

VICTORVILLE WATER DISTRICT - NOTICE OF PUBLIC HEARING PROPOSED CHANGES TO RATES AND CHARGES FOR WATER SERVICES

PLEASE TAKE NOTICE THAT the Board of Directors (“Board”) of the Victorville Water District (“VWD”) will conduct a **public hearing on Tuesday, May 17th, 2016 at 6:00 p.m.**, or as soon thereafter as the matter can be heard, in the Victorville City Hall Council Chambers, located at 14343 Civic Drive, Victorville, California 92392, **to consider a proposed schedule of changes to the fees VWD charges to provide water and water services (the “Proposed Changes”).** If approved, the Proposed Changes will be effective for a five-year period, commencing on July 1, 2016. This notice is being sent to all property owners of record who receive water services from the VWD to describe the proposed changes and the reasons for such changes. ***Si le gustaria recibir este noticia en Español, por favor llame Liliana Collins a este numero: (760) 243-6312.***

Reasons for the Proposed Changes: A cost of service/rate study (“Rate Study”) was prepared by an independent consultant to evaluate costs associated with VWD’s infrastructure needs, programs, operations and maintenance requirements, and administrative functions directly related to providing water service. The Rate Study demonstrated that VWD needs to make changes in the way its rates and charges are calculated to ensure: (1) consistency with current industry and new legal standards; and (2) recovery of its costs of providing water services, many of which costs have increased over the past eight years (e.g., electricity for pumping, wholesale water purchases and State-mandated drinking water compliance regulations). The Proposed Changes will allow VWD to fund capital infrastructure improvements believed necessary to provide safe and reliable drinking water; improve fire service capacity; minimize mainline failures; maintain the operational and financial stability of VWD; and avoid operational deficits and depletion of reserves.

Basis for the Proposed Changes: On the following page, Table I shows the changes VWD proposes to make to its monthly water service (meter) charges, and Table II shows the changes proposed for the water (consumption) rates. On the third page of this notice, Table III contains water consumption rates that may be imposed in lieu of the Table II rates, should escalating drought conditions so require. All Proposed Changes shown in Tables I, II and III are based on the detailed information and calculations in the Rate Study, a copy of which is available for review at the VWD offices at City Hall, and online at: www.victorvilleca.gov. Comparing the restructuring of Monthly Water Service Meter Charges (Table I) to the charges found in the Water Consumption Rate (Table II), the Proposed Changes are projected to yield no revenue increase in fiscal year 2016-2017; however, revenues will increase a maximum of 6.25% each year thereafter, through fiscal year 2020-2021.

Monthly Water Service Charges. Table I provides a side-by-side comparison of VWD’s current fixed/periodic monthly service charges and shows the ***proposed new monthly service charges***, which have been restructured as fixed charges, based solely on meter size.

Water Consumption Rates. Table II provides a side-by-side comparison of VWD’s current rates (commodity charges for water consumption) and shows the ***proposed new rates to be imposed for water consumption***, unless drought conditions necessitate imposition of the Drought Rate Schedule. **Table Notes:** *Rates are computed on a per “hcf” (hundred cubic feet) basis, which is a standard water consumption billing unit equal to 748 gallons of water. Excepting those VWD customers served by meter sizes larger than ¾ of an inch, the 2016-2017*

changes to the Water Consumption Rates in Table II are being offset by the reduction in the Monthly Water Service Meter charges in Table I.

Changes to the Monthly Water Service Meter Charges – Table I

Monthly Water Service Charges	Current Charges	Proposed New Service Charges and Effective Dates				
		July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
Fixed Periodic Service Charge (based on Average Daily Use, per hcf):						
0.00 - 0.26	\$17.25	N.A.	N.A.	N.A.	N.A.	N.A.
0.27 - 1.17	\$18.25	N.A.	N.A.	N.A.	N.A.	N.A.
1.18 - 6.60	\$36.50	N.A.	N.A.	N.A.	N.A.	N.A.
6.61 and above	\$130.50	N.A.	N.A.	N.A.	N.A.	N.A.
Fixed Monthly Service Charges (based on service meter size):						
3/4 inch	N.A.	\$11.78	\$12.23	\$12.68	\$13.15	\$13.36
1 inch	N.A.	\$18.59	\$19.30	\$20.02	\$20.75	\$21.09
1.5 inch	N.A.	\$35.62	\$36.99	\$38.37	\$39.76	\$40.41
2 inch	N.A.	\$56.06	\$58.21	\$60.39	\$62.58	\$63.60
3 inch	N.A.	\$110.56	\$114.80	\$119.09	\$123.42	\$125.44
4 inch	N.A.	\$171.88	\$178.47	\$185.14	\$191.87	\$195.01
6 inch	N.A.	\$342.19	\$355.32	\$368.60	\$382.00	\$388.25
8 inch	N.A.	\$955.34	\$991.99	\$1,029.07	\$1,066.48	\$1,083.92
10 inch	N.A.	\$1,432.23	\$1,487.17	\$1,542.77	\$1,598.85	\$1,624.99
Fixed Fire Monthly Service Charges (based on service meter size):						
3 inch	\$10.00	\$9.50	\$10.06	\$10.65	\$11.27	\$11.83
4 inch	\$10.00	\$17.45	\$18.50	\$19.62	\$20.80	\$21.90
6 inch	\$10.00	\$37.88	\$40.21	\$42.68	\$45.31	\$47.78
8 inch	\$10.00	\$65.13	\$69.16	\$73.44	\$77.99	\$82.30
10 inch	\$10.00	\$101.45	\$107.75	\$114.45	\$121.56	\$128.31

Changes to the Water Consumption Rates – Table II

Rates (Commodity Charges) for All Water Consumed (per hcf)	Current Rates	Proposed New Water Rates and Effective Dates				
		July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
Standard Domestic Water	\$1.530	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Public Benefit Use Water	\$0.610	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Construction Flow Meter/Intertie	\$2.470	\$2.768	\$2.941	\$3.124	\$3.320	\$3.506
Untreated (Well) Water	\$0.520	\$0.595	\$0.640	\$0.689	\$0.741	\$0.798
Recycled / Reclaimed Water	\$0.918	\$1.049	\$1.129	\$1.215	\$1.308	\$1.408
Public Benefit Recycled / Reclaimed Water	\$0.460	\$1.049	\$1.129	\$1.215	\$1.308	\$1.408

Estimated Impact on Customer Bill. Although water consumption and meter sizes do vary, a typical residential customer with a ¾ inch meter connection (approximately 90% of all VWD customers) uses approximately 15 hcf (11,220 gallons) per month. A sample of billing impacts (comparing VWD's current water service charges and rates to the ***proposed new charges and rates*** for fiscal year 2016-2017), is shown in Chart A on page three of this notice. Additional charts showing customer billing impacts for fiscal years 2017-2021 and other information relating to the Proposed Changes is available for review at the VWD offices, and online, by visiting the City's website at www.victorvilleca.gov.

Chart A – Estimated Customer Bill Impact (FY 2016-2017)

Water Use (hcf units)	Meter Size	Current			Proposed New -- Effective 07/01/2016		
		Water Rate	Service Charge	Total	Water Rate	Service Charge	Total
15	3/4 inch	<u>\$22.95</u>	<u>\$18.25</u>	<u>\$41.20</u>	\$26.23	\$11.78	\$38.01
36	3/4 inch	<u>\$55.08</u>	<u>\$36.50</u>	<u>\$91.58</u>	\$62.96	\$11.78	\$74.74
199	3/4 inch	<u>\$304.47</u>	<u>\$130.50</u>	<u>\$434.97</u>	\$348.02	\$11.78	\$359.80
28	1 inch	<u>\$42.84</u>	<u>\$18.25</u>	<u>\$61.09</u>	\$48.97	\$18.59	\$67.56
67	1.5 inch	<u>\$102.51</u>	<u>\$36.50</u>	<u>\$139.01</u>	\$117.17	\$35.62	\$152.79
144	2 inch	<u>\$220.32</u>	<u>\$36.50</u>	<u>\$256.82</u>	\$251.84	\$56.06	\$307.89
298	3 inch	<u>\$455.94</u>	<u>\$130.50</u>	<u>\$586.44</u>	\$521.16	\$110.56	\$631.72
371	4 inch	<u>\$567.63</u>	<u>\$130.50</u>	<u>\$698.13</u>	\$648.83	\$171.88	\$820.70
387	6 inch	<u>\$592.11</u>	<u>\$130.50</u>	<u>\$722.61</u>	\$676.81	\$342.19	\$1,019.00
1,012	8 inch	<u>\$1,548.36</u>	<u>\$130.50</u>	<u>\$1,678.86</u>	\$1,769.85	\$955.34	\$2,725.19
5,878	10 inch	<u>\$8,993.34</u>	<u>\$130.50</u>	<u>\$9,123.84</u>	\$10,279.79	\$1,432.23	\$11,712.03

Drought Rate Schedule. State-imposed conservation mandates now require VWD to use 24% less water each month than it did in 2013. Should extraordinary measures to combat drought (whether imposed by VWD or the State) result in water conservation reaching the percentages shown in the first column of Table III, the Board may take action to impose the Drought Rate Schedule to ensure VWD recovers sufficient revenues to recover costs of providing water service when consumption so decreases. While there is no immediate need to impose drought rates, they are included in this notice to establish a rate ceiling should dramatic climatic or regulatory changes occur over the next five years. Written notice of imposition (or subsequent adjustment or repeal) of any of the rates shown in Table III will be sent by VWD to affected property owners following adoption of a Board resolution at least thirty (30) days prior to the date any such new rate becomes effective.

Table III – Drought Rate Schedule

Drought Rate Schedule	Current Rates	Proposed New Drought Rates and Effective Dates				
		July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
Rates for Standard Domestic and Public Benefit Use Water Consumed (per hcf):						
Conservation Level Compared to FY 2013/14						
40%	N.A.	\$1.885	\$2.029	\$2.183	\$2.350	\$2.529
45%	N.A.	\$2.052	\$2.207	\$2.376	\$2.557	\$2.752
50%	N.A.	\$2.251	\$2.422	\$2.607	\$2.806	\$3.020
55%	N.A.	\$2.495	\$2.684	\$2.889	\$3.110	\$3.348
60%	N.A.	\$2.799	\$3.011	\$3.242	\$3.490	\$3.757
Rates for Construction Flow Meter/Inertie (per hcf):						
Conservation Level Compared to FY 2013/14						
40%	N.A.	\$3.108	\$3.299	\$3.502	\$3.718	\$3.922
45%	N.A.	\$3.385	\$3.593	\$3.815	\$4.050	\$4.271
50%	N.A.	\$3.718	\$3.946	\$4.189	\$4.447	\$4.691
55%	N.A.	\$4.125	\$4.378	\$4.647	\$4.934	\$5.204
60%	N.A.	\$4.633	\$4.917	\$5.220	\$5.542	\$5.845

Public Hearing and Protest: Any property owner of record of an identified parcel subject to the Proposed Changes may submit a written protest. Only one protest will be counted per identified parcel. Each written protest must: (1) state that the identified property owner is opposed to the proposed water rate changes; (2) provide the location of the identified parcel (by street address or assessor's parcel number); and (3) include the printed name and original signature of the submitting property owner. Written protests may be submitted by mail or in person to: Victorville Water District, Secretary of the Board, 14343 Civic Drive, Victorville, CA 92392. Protests submitted by email or other electronic means will not be accepted. Please write or type **"Proposed Water Rates"** on the front of each envelope in which a protest is submitted. Written protests may also be submitted at the May 17, 2016 public hearing; however, in order to be counted, all written protests (whether mailed or submitted in person) must be received by VWD prior to the close of the public comment portion of the public hearing.

At the public hearing, the Board will accept and consider all written protests and hear all oral comments on the Proposed Changes. Oral comments will not be counted as protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board will consider adoption of the proposed changes to the water rates and service charges described in this notice and contained in the adopting resolution. If valid written protests against the Proposed Changes are not received from a majority of the property owners of record of the identified parcels subject to the Proposed Changes, the VWD Board will be authorized to vote to adopt the Proposed Changes. If adopted, the Proposed Changes will be the maximum allowable rates and charges for the water and water services described in this notice that VWD may impose annually over the next five years, commencing as of July 1, 2016.

If you have further questions about the Proposed Changes, please call Michele Rivas at (760) 955-2663.